

## SACRAMENTO DISCLOSURES AND DISCLAIMERS ADVISORY

*(This form is intended to be used with the California Association of REALTORS® form "Statewide Buyer and Seller Advisory")*

**This Advisory is intended for use in the City and County of Sacramento. Please read it carefully along with any applicable separate, local Advisories and Seller or Broker Disclosures relating to the Property.**

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## INTRODUCTION

This Advisory provides general information about selling and buying real property in Sacramento County and is effective as of November of 2019. It is not intended to be a comprehensive guide to buying real estate, nor is it designed to alarm Buyers and Sellers. Although this Advisory does not limit any legal duty of real estate Brokers, it does point out some limitations on real estate Brokers' duties. This Advisory is designed to be used in conjunction with the California Association of REALTORS® Statewide Buyer Seller Advisory to explain that when transferring something as important and valuable as real estate, Buyers and Sellers have a legal responsibility to protect themselves by taking the actions recommended in this Advisory.

Buyers should not just rely on real estate Brokers or Sellers as sources for all information. When Buyers have any questions, doubts or concerns, they should conduct their own Investigation with their own chosen professionals.

For more information about the issues covered in this Advisory, Buyers and Sellers can go online at the sites referenced in this Advisory; for additional, public information about Sacramento County, Buyers and Sellers can go online at: <http://www.saccounty.net>

The information in this Advisory may change over time and/or new issues may develop due to actions taken at the federal, state, county, city and/or private, local level. Some of the issues that are covered in this Advisory are point-of-sale or retro-fit requirements that may also be triggered by remodeling efforts or efficiency requirements. Sellers and Buyers should investigate the applicability of these requirements to the past, present and future sale, purchase, ownership and/or development of the Property.

- Sellers must disclose anything that is known to the Sellers that materially affects the value or desirability of the Property. Sellers who need help in meeting their disclosure obligations should consult with their own attorney; Brokers cannot determine the legal sufficiency of any disclosure.
- Sellers should conduct a diligent search of their documents to determine if they have any disclosures, reports, repair estimates and invoices (of any age) or other information that relate to the Property or the issues in this Advisory and provide a copy of that material to Buyers, preferably with the Sellers' disclosure documents, regardless of which disclosure forms are used.
- Sellers and Buyers should read this Advisory in conjunction with a careful review of all disclosures required by Sellers and by the real estate Brokers involved in the transaction including, without limitation, the Transfer Disclosure Statement and the Seller Property Questionnaire, if provided by Seller.
- Buyers are responsible for conducting their own investigations into the issues discussed in this Advisory as well as those issues that are not referenced below to the extent that those additional issues may affect the Buyers' determination of the use, value, desirability or development of the Property. That investigation should take place prior to the Buyers' removal or waiver of any inspection/investigation contingency. Buyers are urged to:
  - Carefully read the information contained in any advisories, disclosures, inspections, and/or reports that Buyers receive from any source.
  - Conduct additional/further investigations and inspections regarding any issues that concern Buyers that are raised in those advisories, disclosures, inspections, and/or reports received by Buyers from any source.
  - Thoroughly and thoughtfully inspect and evaluate the Property and, in so doing, meet Buyers' obligation to protect themselves, including those facts that are known to or within the diligent attention and observation of the Buyers. Viewing videos, virtual tours and other on-line sources is not a good substitute for visiting the actual Property in person and observing the location of the Property.
- Buyers need to inquire into matters beyond those contained in this Advisory to the extent that those additional issues affect the Buyers' determination of the use, value, desirability or development of the Property.
- Buyers must bear in mind that a Property may suffer defects and deficiencies which neither Sellers nor Brokers are aware. Buyers should also recognize that not all issues can be objectively determined and some issues can have varying impacts on different people, since some people may be more sensitive than others.
- Buyers are urged to engage licensed professionals to evaluate all aspects of the Property and to consult all appropriate governmental agencies. Buyers' right to conduct certain types of investigations may be limited by the Purchase Contract or other factors such as Homeowners' Association requirements.
- Any representations about the issues in this Advisory made by third parties have not been verified by Brokers and need to be independently confirmed by Buyers.
- **Although licensed to list, sell and lease real estate, Brokers may not have expertise on the issues in this Advisory.**

This Advisory is not meant to be a complete source of information on all matters which can become issues in real property purchase and sale contracts. Given Buyers' legal duty to exercise reasonable care to protect themselves

regarding facts that are known to or within the diligent attention or observation of Buyers, Buyers are urged to investigate, without limitation, the items in the following paragraphs of this Advisory as well as the condition of the foundation, roof, plumbing, heating air conditioning, electrical, mechanical, energy efficiency, security, appliances/personal property, pool/spa, and all other systems and components.

## **A. MARKET CONDITIONS ADVISORY**

Real estate markets are cyclical. It is impossible to predict what market conditions will be at any given time. The ultimate decision of how much to offer on any property rests with Buyers. Buyers need to decide what they are willing to pay in light of market conditions and their own financial resources. Buyers must also decide what type of offer to make in recognition of existing market conditions. Purchase price is not a simple calculation based upon square footage but an agreement as to what Buyers will pay and what Sellers will accept.

Real estate Brokers traditionally recommend that Buyers protect themselves by conditioning their purchase on an inspection of the Property so that the Buyers can be assured that the Property meets their needs. In some markets, many Buyers are choosing to forego that sage advice so that their offer is more attractive to Sellers. If, after making an offer without a property condition contingency, Buyers become aware of an aspect of the condition of the Property that affects its value or desirability, Buyers may still be required to proceed to purchase the Property or possibly pay damages to the Seller, which may be the deposit in escrow. If this is a condition that must subsequently be repaired, the Buyers may have no legal recourse against any of the parties in the transaction after escrow closes, including the Seller, the Brokers or the inspectors, and then the Buyers may have to pay to correct those problems.

Waiving the right to have a contingency regarding the property condition does not waive the Buyers' right to inspect the Property, even if the Property is being sold "AS IS." Regardless of whether there is an inspection/investigation contingency, Broker recommends that prospective Buyers have the Property thoroughly inspected by their own experts prior to the close of escrow.

The lender's approval of financing includes the lender's determination that: (1) the Buyers are creditworthy and can afford to make the mortgage payments and (2) that the Property appraises for at least the principal amount of the loan. Even if Buyers have obtained a pre-qualification or pre-approval letter from a lender, the lender may not ultimately approve the loan if the lender's appraiser determines that the Property's fair market value is less than the amount of the purchase price or if the Buyers' financial/employment situation has changed. If there is no financing contingency and the Property does not "appraise," Buyers may not be able to afford to make up the difference between the loan amount applied for and the loan amount actually offered by the lender. Under those circumstances, Buyers may not be able to perform on Buyers' contractual obligations. This could then result in the Buyers paying damages to the Seller.

**It is a serious risk for Buyers to eliminate from the purchase contract their right to have a financing contingency if they intend to secure a loan.**

## **B. GENERAL PROPERTY ADVISORIES**

**1. EXISTING HOUSING STOCK:** Many properties have been built under different building codes and may not accommodate current or future personal property items such as electric cars. Regardless of its age, Buyers should have the Property inspected by a competent property inspector and obtain additional inspections recommended in any inspection report, or as may be necessary for Buyers to determine the actual condition of the Property. The Property's components, appliances, fixtures, systems and materials may have varying degrees of remaining useful life and may be subject to failure without notice. In addition, not all components, improvements or fixtures of the Property may comply with current code, zoning, health and safety, setback requirements, religious or cultural preferences. Some homes contain appliances, products or manufactured materials, such as Chinese drywall, which may be defective, create problems with the use or value of other aspects of the home, and/or may be subject to manufacturer or governmental recall and/or a class action lawsuit. All homes include many components which require ongoing maintenance. Deferred maintenance will decrease the lifespan and/or functionality of many of these components. Buyers should seek reliable advice from appropriate professionals and to plan/budget for maintenance and future repairs.

**2. FLOORS AND WALLS:** The personal property of the Seller may make a visual inspection of floors and walls difficult. The existence of certain types of floor coverings, such as carpeting and rugs, as well as certain types of wall coverings, such as wallpaper and paneling, and furniture prevent inspectors and Brokers from inspecting the

condition of the floors and walls beneath those materials. When exposed, these areas may have a different pattern of wear or shade of color. If the Buyers wish to determine the condition of the floors and walls beneath such coverings, Buyers will need to secure the written authorization of Seller to conduct investigations with appropriate professionals since removal of floor coverings may be required.

**3. TEMPERED GLASS:** Many homes contain glass that IS NOT tempered in locations where tempered glass IS required by building regulations. Buyers are advised to have a contractor's inspection to identify the presence of any glass that is not properly tempered before removing a physical inspection/investigation contingency on a prospective purchase of real property. Buyers should consider replacing any non-tempered glass with tempered glass to reduce the risk of injury.

**4. FIREPLACES/WOOD-BURNING APPLIANCES:** Due to public health concerns regarding particulate matter from wood smoke that may be affecting air quality if the Property has a wood-burning appliance, Buyers should consult with appropriate experts as to the ability to use such appliances now or in the future. The term "wood-burning appliance" includes, but is not limited to, a fireplace insert, a free-standing wood stove, or a wood heater or masonry fireplace, but does not include appliances or fireplaces that burn solely propane or natural gas or pellets as fuel.

**5. SQUARE FOOTAGE AND LOT SIZE:** Different sources of size information often provide different square footage or lot size numbers for a property. Public records may be, and often are, inaccurate and there are frequently discrepancies in the advertised sizes. Buyers are advised that square footage and/or lot size numbers, which may be obtained from various sources such as public records, MLS and others that are provided to Buyers are not, and will not be, verified by Sellers or the real estate agents. Buyers should obtain a specific disclosure regarding any known size discrepancies from Sellers and/or the real estate Brokers. Buyers should obtain a specific disclosure regarding any known size discrepancies from Sellers and/or the real estate Brokers. **If the square footage or lot size of the Property is an important consideration in Buyers' decision to purchase the Property and/or how much Buyers are willing to pay for the Property, then Buyers must independently conduct Buyers' own investigation through appropriate professionals and rely solely on that data.**

**6. FENCE MAINTENANCE:** If the Property has a fence that is located on the boundary line, Civil Code Section 841 provides that the adjoining private landowners have an equal obligation to maintain the fence. However, fences are not often located on the boundary line, and when that is true, who is responsible for maintaining the fence is a legal determination. Thus, questions regarding who is responsible for repairing or maintaining a fence should be reviewed with a qualified California real estate attorney. Brokers are not qualified to make that determination.

**7. TREES AND VEGETATION: *Protected Trees:*** Most cities have an ordinance that requires property owners to obtain a permit prior to removing *Protected Trees* from their property. *Protected Trees* are defined within the code of each city. Removing or damaging any *Protected Tree* without the proper permit constitutes an infraction. In addition to the cost of the infraction, violators are liable for damages for an amount up to the value of the removed tree. The City may place a lien on the Property if the infraction is not paid on a timely basis. That lien may subsequently be added to the county property tax bill.

***Hazardous Trees:*** Some cities define hazardous tree conditions within their Municipal Building Codes and address ways of mitigating those conditions on both private and public property. There are stringent time frames for responding to hazardous tree claims. If hazardous tree claims are not resolved privately, a claimant may, as a last resort, take the claim through the court system.

***View Ordinances:*** Some cities have view ordinances that restrict the height of trees so that trees do not unreasonably obstruct the view that existed at the time of purchase of the property. Certain trees that are part of the natural habitat can be exempt from this law. Often a view property will have recently trimmed trees and shrubs revealing the view. Buyers should take note that maintaining that view could entail not only trimming foliage on their own property, but also enlisting the cooperation of their neighbor to keep their foliage trimmed, usually at the Buyers' expense. Cities do not take an active role in these issues; rather they encourage the private resolution of such disputes. Each city has a slightly different mechanism for handling these situations, and Buyers are encouraged to review the Municipal Code during their inspection period.

Buyers are encouraged to seek the advice of a licensed arborist for any questions regarding trees on the subject property or on neighbor's property.

**8. RIVER, CREEK AND LEVEE PROTECTION:** Many properties are adjacent to rivers and levees. Others are impacted by creeks (a narrow channel or small stream) and/or a culvert (a man-made structure used to enclose a flowing body of water which is usually designed to allow water to pass underneath a road or other structures). If the Property includes, abuts or is located near a river, levee, creek or culvert, Buyers should investigate the possibility of flooding and/or water intrusion or other nuisances that may result from proximity to those water sources by contacting appropriate experts. Brokers cannot determine these issues. In addition, some cities have enacted regulations regarding rivers, levees, creeks and culverts. Buyers need to review local ordinances with their own experts before commencing any work in, over or near a river, levee, creek or culvert.

**9. FLOOD MAPPING:** Flood maps and flood designations for all properties may change over time which could impact the future use, value, desirability or development of the Property as well as its insurability. Rising sea levels may also have an impact on future flooding. Under the "Homeowner Flood Insurance Affordability Act of 2014," properties in flood zones, designated in an NHD report, will experience annual premium increases which could be as much as 18% to 25% per year. For further details regarding any specific Property, go to: <https://msc.fema.gov/portal/home>

**10. ENVIRONMENTAL MAPPING:** Some of the third-party Natural Hazards Disclosure ("NHD") companies may provide information regarding environmental hazards that are mapped by the federal government, state or local entities such as Super Fund Clean-Up sites. Buyers should consider discussing with the NHDS provider what environmental disclosures and maps may be available.

**11. WILDFIRE HAZARDS:** Wildfire disasters can create health and safety concerns in the aftermath of clean-up efforts, as well as unknown and possible future concerns related to the rebuilding of infrastructure in the impacted areas. Some of the concerns and issues of wildfires include, but are not limited to: lot clearing costs; environmental clean-up concerns; local, state and/or federal regulations for issuing permits and/or for authorizing rebuilding efforts; availability and cost of insurance and/or availability or disruption of utilities; construction-related inconvenience and delay; and the impact that federal, state or local disaster declarations may have on materials, prices, costs and rent. Buyers should investigate all wildfire related issues to determine what impact, if any, those issues may have on Buyers' current and future use or development of the Property during any inspection/investigation contingency.

**12. UNDERGROUND STORAGE TANKS (UST):** Many of the larger, older homes in this area built before 1935 may have or have had an Underground Storage Tank for the fuel oil that fired the property's furnace. Virtually all of the old furnaces have been replaced; however, many of the fuel oil tanks remain buried on the property. In residential applications, the California State Water Resources Control Board regulates all UST's in California. The licensing, inspection and regulation of UST's in residential application are currently exempt provided the tank is less than 750 gallons and was used for fuel oil only. However, this does not guarantee that the Property would be exempt from abatement if a UST is discovered upon your property. Each municipality has very different regulations concerning UST's that may include removal and soil clean-up of any toxic material that may have leaked from the tank. You are advised to speak directly to the Public Works Department, Building Department and/or Fire Department in your city concerning specific regulations affecting UST's.

**13. CONDOMINIUMS, COMMON INTEREST DEVELOPMENTS & HOMEOWNERS' ASSOCIATIONS:** If the Property is located in a Common Interest Development ("CID"), the Seller should request that the Homeowners' Association ("HOA") provide all required documents regarding the HOA operation and expenses to meet the Seller's disclosure obligations under Civil Code Section 4525. It is strongly recommended that Buyers receive the current HOA documents directly from the HOA rather than from an earlier transaction or any third-party service. Although Sellers can legally provide their own copies of the required documents, the best practice is to have the HOA provide the documents so that Buyers receive the most current information.

Buyers need to carefully examine all of the documents that are provided regarding the HOA and compare the documents with the list of required disclosures specified in the HOA form from the California Association of REALTORS®. If any document(s) are missing, Buyers should send a written request to the Seller that the Seller provide the missing documents and/or provide a written explanation for why the document(s) were not included with the other HOA documents. Many smaller HOA's do not prepare or keep all documents required by the law, such as reserve studies, minutes of all meetings and/or financials. As a result, Buyers may only receive a portion of the state-required documents; in which case Buyers must be aware that they are buying into an HOA without the benefit of the information those documents would provide. Buyers should retain the services of experts, such as

attorneys, accountants or others who specialize in reviewing HOA documents to determine the adequacy of the reserves and whether or not the Property is suitable for the Buyers' intended uses. See **Paragraphs 36 & 38**.

Any changes or improvements to a unit generally require some form of review and approval by the HOA, and the HOA may impose significant restrictions on those changes including imposing maintenance obligations and/or indemnification requirements in case of damage during installation. Buyers should review all HOA restrictions and determine the impact of those restrictions, during the contingency period, if they intend to make changes including but not limited to those which involve adding solar energy systems onto common area roofs or adding special equipment for televisions and other electronic equipment. For example, due to noise and other factors, a HOA may restrict the type of floor and/or wall material that can be used in certain units and/or the number of pets. **Note** that HOAs must comply with Fair Housing laws regarding service and companion animals. Buyers should directly contact the HOA Board to determine whether or not the Property can be used for Buyers' intended purposes. Buyers should also determine whether or not the Property meets Buyers' subjective personal preferences.

Many CIDs have been involved in or are presently involved in litigation regarding the design, construction, maintenance and/or condition of all or a part of the Development. Whether or not these lawsuits are successful, litigation is expensive and the cost of such legal actions may impact not only the adequacy of the HOA reserves but also the amount of current or future assessments. The existence of HOA insurance does not necessarily mean that there is insurance coverage for any given single interest or unit in the Development, an owner's remodeling or upgrade efforts, and/or the owner's contents.

Occasionally issues arise in the purchase of property in a Common Interest Development regarding parking and/or storage spaces associated with a single interest or unit in the Development. Buyers should determine for themselves whether or not the allotted parking space(s) are adequate to park the Buyers' vehicle(s) in the assigned spaces by actually parking in those spaces. Parking space(s) and storage space(s), if any, may be described in a Condominium Map or in the Preliminary Report issued by a Title Company. The actual markings, striping and numbering of these space(s) may not accurately reflect the actual spaces and may be in conflict with the space(s) designated in the recorded documents. It is therefore crucial that Buyers personally determine that the parking and storage space(s) that are designated in the recorded documents are actually being transferred to Buyers and that those space(s) are acceptable for the Buyers' intended needs and uses of the Property

Sellers who have ever served on the HOA Board may have access to information and documentation that is not provided by the HOA and/or which is deemed "confidential" or protected by an "attorney-client privilege". Sellers should consult with their own qualified California real estate attorney to determine how they will need to disclose that additional information; Brokers are not qualified to evaluate or investigate those legal issues.

Effective January 1, 2017, owners of a single interest in a common interest development will be required to provide annual notification to the HOA of their contact information.

**14. PLASTIC PIPE:** Some builders in the Sacramento area used **PEX** water pipes in constructing homes. This type of pipe, manufactured under the name of **KITEC®**, has been alleged in a class action lawsuit to be faulty and a settlement of that lawsuit has been reached. Buyers should investigate whether or not there are any plastic pipes or fittings prior to removing their inspection/investigation contingency by retaining the services of a licensed plumber who has knowledge and experience in identifying plastic pipe; licensed plumbers are also able to advise Buyers as to the current and future condition of those pipes. For additional information about this particular type of pipe and/or to learn more about the lawsuit, there is a website available at: <http://www.kitecsettlement.com/faq.cfm>. Buyers should also contact a qualified California real estate attorney to discuss any questions they may have regarding their ability to recover proceeds from this settlement.

**15. INSURANCE & C.L.U.E. REPORTS OF INSURANCE CLAIMS:** Buyers should investigate the availability and cost of insurance coverage for the Property that they are buying as quickly as possible. As part of that investigation, Buyers should ascertain if their chosen insurance company will require certain retrofit repairs, such as installation of safety glass and/or fireplace spark arresters and a gas shut-off valve. The fact that an insurance company may require these repairs does not necessarily mean that the Seller is obligated to pay for and/or make the repairs requested by the insurer. In addition, prior claims submitted by Buyers on other properties may affect the final cost of the homeowners' insurance on the property being purchased by Buyers. Buyers should investigate these matters thoroughly prior to removing their inspection/investigation contingency.



Standard real estate purchase agreement forms require Sellers to provide Buyers with insurance claims history for the property for a period of five years preceding the sale. Sellers do not always know (or remember) the insurance claims history. Natural Hazards Disclosure Statement (“NHDS”) Reports had included a report used by insurance companies called C.L.U.E., but NHDS Reports no longer include those reports. Because a C.L.U.E. report itself is not required, Sellers may disclose the insurance information themselves as part of the disclosure process. For the most accurate information regarding past insurance claims, Sellers may be able to either: (a) go online to [https://personalreports.lexisnexis.com/homesellers\\_disclosure\\_report/agent.jsp](https://personalreports.lexisnexis.com/homesellers_disclosure_report/agent.jsp) and create an account that will enable the Sellers to order a C.L.U.E. report; or (b) contact their homeowner insurance policy Broker who may be able to provide a copy. Buyers can also include in their purchase contract an obligation for Sellers to provide them with a C.L.U.E. report.

**16. ONLINE PHOTOS, INFORMATION & CONSUMER PRIVACY:** Effective January 1, 2020, the California Consumer Privacy Act of 2018 (“CCPA”) imposes new privacy obligations on certain types of businesses that collect “personal information” about California consumers. Not all individuals and/or entities with whom you interact during a real estate transaction are required to comply with the CCPA. For additional information, review the *California Consumer Privacy Act Advisory* created by the California Association of REALTORS®. Whether or not CCPA applies, photographs of the Property provided to the MLS and Brokers’ websites may appear on other Brokers’ sites as well as national data aggregation sites, including, but not limited to, Realtor.com, Zillow and Trulia. It is not possible for Brokers to remove photos from websites over which they have no control.

Information regarding the Property and the neighborhood may exist online in various blogs, discussion boards, Nextdoor, Facebook pages, official neighborhood association and HOA sites. However, other unofficial sites written by third parties may also exist with postings about the community, people and properties. Some online sites offer viewers the opportunity to express opinions and air complaints. The information available on official and unofficial sites may consist of opinion, speculation, unfounded assertions and rumors, making it difficult to determine what is and what is not true. Neither Seller nor any of the real estate licensees may be aware of, nor will they conduct a search of, any online information, even if they are using or have used those platforms to advertise goods or services. Sellers and real estate licensees are not obligated to verify, investigate, explain or remove commentary of third parties.

**17. PROBATE SALES AND COURT CONFIRMATION:** An executor or administrator (the “Representative”) of a probate estate may sell estate property if it is in the best interests of the estate to do so. The sale of estate real property is typically subject to Probate Court Confirmation. The Independent Administration of Estates Act (“IAEA”) provides a simplified method of probating estates with limited court supervision. Under IAEA, the Representative may list real property with a Broker for a period not to exceed 90 days without prior court approval and to sell the Property without court confirmation, unless a person named in the will or other person who is entitled to receive a Notice of Proposed Action objects and then court confirmation will be required. The Representative’s ability to sell without court supervision or approval under IAEA is not absolute and is conditioned upon there being no objections by interested persons (generally, the heirs). If there is any objection, Court Confirmation may be necessary.

Probate property is always sold “As-Is” and certain standard disclosure forms, such as the Real Estate Transfer Disclosure Statement (“TDS”), are not required. However, the Representative must, nonetheless, disclose all actual knowledge of material facts affecting the value or desirability of the Property.

If Court Confirmation is required and subject to open competitive bidding (which is true in probate, conservatorship, guardianship, receivership or bankruptcy sales), it is strongly recommended that Buyers personally appear in Court when their offer is scheduled for confirmation. Buyers should understand that in most sales requiring Court Confirmation, the Property may continue to be marketed and that their Broker and others may represent other competitive bidders prior to and at the Court Confirmation hearing. Different types of courts have their own rules for how to handle the possibility of over-bids, including whether initial deposits need to be in a certain amount or whether an over-bid needs to be a specific percentage above the original offer. Any questions regarding the specific rules for the Court where the confirmation hearing is to be held should be directed to the clerk of that Court. It is also strongly recommended that Buyers consult a real estate attorney who is knowledgeable about Court

Confirmation sales since real estate Brokers/agents are not qualified to provide legal advice.

**18. WATER HEATERS:** Under State law, all water heaters must be braced, anchored or strapped to resist falling or horizontal displacement due to earthquake motion and Sellers of Property must certify to Buyers that the bracing requirement has been satisfied. In addition, water heaters which are newly installed or moved must be raised so their ignition point is 18 inches off the ground. Many other plumbing code requirements may also apply, e.g. gas venting, pipe wrapping, temperature and pressure relief valves, drain valves, bollard protection in garages.

**19. SMOKE ALARMS AND CARBON MONOXIDE DETECTORS:** California Health and Safety Code §13113.8 requires installation of smoke alarms in residential property. If a TDS is required, the Sellers certify in the TDS that the Property has (or will have prior to Close of Escrow) operable smoke alarms which are approved and installed in compliance with the State Fire Marshal's regulations and applicable local standards, including installation of alarms with 10-year batteries in all bedrooms before finalizing any permitted contracting work costing \$1,000 or more. State law requires carbon monoxide detectors in living areas of residential properties that have fossil fuel burning appliances, even if those appliances are several floors below, for example, furnaces in the basement of a condominium building.

**20. ANIMALS:** Current or previous owner(s) may have had domestic and/or other indoor or outdoor animals on the Property; animals can cause damage to various aspects of the Property. Odors from animal urine or waste may be dormant for long periods and then become active because of heat, humidity or other factors such as some cleaning techniques, or be temporarily masked by other odors such as fresh paint or new carpet. Animal urine and feces can also damage floors, floor coverings, walls, baseboards, or other components. Additionally, animals can attract fleas, ticks and other pests that can remain on the Property after the animal has been removed. Complete elimination of odors and other problems created by animals may not be possible even by professional cleaning efforts or replacing carpets, pads and other affected components.

Property may be subject to local ordinances regulating the maintenance, breeding, number or type of animals permitted or other requirements such as spaying or neutering. Buyers should investigate whether the HOA has imposed restrictions on animals. Neighbors may have animals that can cause problems including, but not limited to, noise or odors. Common pets such as dogs can bark, cats are not easily contained, and in some cases more unusual animals (e.g. poultry, exotic birds, and reptiles) may create issues that impact the value, use and enjoyment of the Property.

California is home to a wide variety of animals, birds, reptiles and insect life, including but not limited to ants, bedbugs, bats, rodents, snakes and larger wild animals such as mountain lions and deer, some or all of which may enter or inhabit the Property and may be difficult to eliminate or control. These creatures can damage landscaping, might be a hazard to people, pets or other animals and may cause issues that impact the Buyers' use and enjoyment of the Property. Proximity to rural or open space areas increases the likelihood of problems. Buyers should investigate these issues with licensed professionals, including local animal/pest control companies, and/or other qualified agencies or organizations during Buyers' inspection period.

**21. ARCHITECTURAL/CONSTRUCTION PLANS:** Property owners often have architectural/construction plans and renderings, whether or not those plans were ever approved or used for any purpose. These drawings do not "run with the land" even if the plans were used to build existing structures and/or if they are on file with the local planning department. Sellers' contracts with the architect generally specify that the plans are owned by the architect; the Seller is granted a limited "non-exclusive license" to use that material. Thus, Sellers generally do not have the legal right to advertise, sell or give that material to Buyers without the written authorization of the architect, who in all likelihood has copyrighted the plans. Buyers who want to use the Sellers' plans and drawings for any purpose should contact the creator of the plans directly for authorization to use that material.

## C. FEDERAL, STATE AND REGIONAL ADVISORIES

**22. UNSTABLE HILLSIDES:** Many hillside properties are active and potentially active landslide areas. Many of the geologic forces which have shaped California over the eons are still active today. The only way to determine the nature of the soil and bedrock under a structure, and how these forces may affect those structures, is with a geologic or geotechnical inspection and report.



**23. EXPANSIVE SOIL:** Some parts of the Sacramento area have expansive, or adobe, soil which will expand and contract with the wet and dry seasons. This expansion and contraction can cause movement or shifting of structures and their foundations.

**24. HIGH WATER TABLES:** Some parts of Sacramento County have high water tables that can intensify mold growth and compromise the stability of soil and/or foundations. In addition, high water tables may affect the use and enjoyment of the surrounding land, particularly during months of heavy rain. Buyers should consult the appropriate experts to help evaluate the effect of high-water tables on the subject property and, when necessary, consider drainage modifications to protect the structure and improve the use and enjoyment of the surrounding landscape.

Reports from Natural Hazard Disclosure (NHD) companies may not contain all available information from all possible sources regarding the Property and surrounding conditions; thus, these reports cannot be relied on for all information regarding natural hazards which may affect the Property. Brokers recommend that Buyers have any Property they are purchasing inspected by a qualified geologist, geologic or geotechnical engineer, or other qualified professional.

**25. WET WEATHER CONDITIONS:** At times, the Sacramento area may have months with heavier than usual rainfall which can negatively impact various private and public property including but not limited to transportation systems. During these times, hillside properties may be more susceptible to earth movement and drainage problems. Properties on flatlands may be susceptible to flooding. Properties which may not have experienced water intrusion into or under the property in the past may experience these conditions as a result of weather-related phenomena. Sellers are obligated to disclose to Buyers those material defects or conditions known to them which affect the value or desirability of the property; however, not all Sellers may be aware of recent changes in the conditions of the property or its improvements caused by unusually wet weather. Because of these factors, it is recommended that, in addition to a home inspection, Buyers have such additional inspections by qualified professionals including, but not limited to engineers, regarding these conditions as Buyers may desire.

**26. CLIMATE CONDITIONS:** The Sacramento area has several micro climates. Buyers are advised that these areas are subject to frequent strong winds, wind-driven rain, fog and mist, and direct sunlight, any of which, alone or in combination, can impact the condition of the land as well as prematurely age the interior and exterior of structures. Erosion, warping and cracking of surfaces, failed seals on dual-paned windows, loss of roof shingles, and water intrusion, among other problems, are not uncommon with such properties, and thus these properties require regular, thorough maintenance. In particular, properties located near sources of water, such as the Delta, may require additional maintenance and repair efforts. Buyers are advised to fully investigate these conditions and to determine for themselves the cost of any increased maintenance and repairs that may be needed for any Property located near the Delta, wetlands, rivers, streams and other water areas.

**27. PERMIT ISSUES:** An improvement that is made without the required permit can, among other things, have a negative impact on value, require a retrofit, impact habitability, preclude insurance coverage and/or result in fees, penalties, government and/or civil enforcement actions. In some cities, there may be a lower standard applied in those circumstances where the property owner is obtaining the permits, as opposed to a contractor doing so. Obtaining and finalizing permits may trigger additional retrofit requirements that are not required as a condition of sale. Examples include but are not limited to water conserving plumbing fixtures and safety devices to prevent drowning of small children in pools and spas. See, for example, **Paragraphs 32 and 323**

**28. NONCONFORMING USES, ROOMS, ALTERATIONS OR ADDITIONS:** Any rooms, alterations or additions to the Property which were done without necessary permits or certificates of completion ("nonconforming improvements") may be subject to fines, permit and construction costs, and other expenses to bring into conformity. Nonconforming improvements may be subject to removal by local building inspection and code enforcement agencies. Nonconforming rental units may be required to be vacated and possibly torn down. It may not be feasible to legalize nonconforming improvements because of zoning, permit and/or other legal or regulatory limitations. Some building inspection and code enforcement agencies may conduct random inspections of properties for permit, code and other violations while the Property is being marketed. Such nonconforming improvements may also be discovered when anyone applies for a permit to do work on the property either before or after escrow closes. Whenever nonconforming uses are discovered, the then-current owner could face expensive repairs, permit fees and other costs and/or even removal of the nonconforming improvement.

While Sellers are obligated to disclose any known nonconforming improvements, Sellers may not be aware of some or all illegal improvements or uses especially those that were made prior to Sellers' ownership of the Property. Real estate Brokers and agents are not required by law to inspect public records and cannot determine the legal status of improvements based solely on their required visual inspection of the property. Thus, Buyers are strongly urged to investigate possible nonconforming improvements by personally contacting the local building inspection and code enforcement agencies as well as obtaining the advice of contractors, architects, engineers or other professionals regarding the status and condition of the Property prior to removing inspection contingencies.

**29. BALCONIES/DECKS RETROFIT REQUIREMENTS:** Effective January 1, 2019, state law requires an owner of multi-family buildings with 3 or more dwelling units to conduct an inspection of and make any necessary repairs to exterior decks, balconies and other components that are elevated more than 6 feet above the ground. The inspection must be completed by January 1, 2025 and will require subsequent inspection by January 1st of every six years thereafter. The purpose of the inspection is to determine whether the decks, balconies, and exterior elevated elements and their associated water proofing elements are in a generally safe condition, adequate working order, and free from any hazardous condition caused by fungus, deterioration, decay or improper alteration. State law requires that the inspection be performed by certain qualified professionals. The law sets forth timelines for the completion of the report, delivery to the owner, and completion of any repairs or replacement. Fines, penalties and/or liens on the property can be imposed for non-compliance with this law. State law allows cities and counties to enact their own regulations which may be stricter than the state requirements, including but not limited to extending the inspection and repair requirements to other exterior components, such as landings, exit corridors, stairway systems and other elements to determine if these structures are in safe condition, in adequate working order and free from hazards, dry rot, fungus, deterioration, decay, improper construction or hazardous conditions. Buyers are strongly urged to investigate possible inspection and retrofit requirements by personally contacting the local building inspection and code enforcement agencies as well as additional licensed professionals regarding the status and condition of any building components at the Property prior to removing any inspection/investigation contingency.

**30. UNDERGROUND UTILITIES:** Some towns and cities have begun the process of burying utility lines underground in order to remove the utility poles in the neighborhood and for safety reasons. These projects can result in special tax assessments, set-up costs for the individual homeowners and disruptions in service. It is recommended that Buyers investigate this issue with your local electricity provider.

**31. CRIME:** The existence of crime is a fact of urban and suburban life. Some areas experience more crime than others. Crime statistics for various areas and municipalities may rise and fall over time and the incidence of various types of criminal activity may also increase or decrease. At times, local law enforcement agencies may target designated areas for special but temporary enforcement measures. Individual criminal acts may occur in any neighborhood or may occur close to a property that is being sold while other criminal acts may occur far away. Some crimes may be reported in the local news while others are ignored by the media. Because of the ever-changing nature of the statistics and information regarding crimes, neither Seller nor Brokers will independently investigate crime or criminal activity in the area of any property being purchased by any means including, but not limited to, contacting the police or reviewing any internet databases. If criminal activity is a factor in the decision to purchase a particular property, or in a particular neighborhood, Buyers are urged to check with the local law enforcement agencies and online information, prior to removing their inspection/investigation contingency.

**32. WATER-CONSERVING PLUMBING FIXTURES:** Existing law calls for installation of water-conserving plumbing fixtures when the existing plumbing fixtures are "noncompliant" by certain dates, as discussed here. A **noncompliant plumbing fixture** means: (1) any toilet manufactured to use more than 1.6 gallons of water per flush; (2) any urinal manufactured to use more than one gallon of water per flush; (3) any showerhead manufactured to have a flow capacity of more than 2.5 gallons of water per minute; and (4) any interior faucet that emits more than 2.2 gallons of water per minute. There are various dates for compliance:

**(a) SINGLE-FAMILY RESIDENCES:** Under this law, a condo, even a single condo occupied by only one family, is not a single-family residential property. **Until December 31, 2016**, if a single-family residence is altered or improved, the installation of such fixtures must be a condition of final permit approval. However, **after January 1, 2017, all single-family residences built prior to January 1, 1994 must comply with this law by replacing all noncompliant plumbing fixtures whether or not the property is being remodeled or sold.**

**Commencing January 1, 2017, Sellers will need to disclose to Buyers, in either the Seller Property Questionnaire (SPQ) or the Exempt Seller Disclosure (ESD) form, if Sellers are aware of whether the**

**Property has any noncompliant plumbing fixtures.** If a Seller answers “No” to that question, Buyers should not assume that the Property is fully compliant since the “No” response may merely mean that Seller is unaware or is uncertain as to whether or not any such fixtures are noncompliant. For this reason, as a part of their property inspection of Properties subject to this law, Buyers are urged to have all plumbing fixtures inspected by a qualified professional to determine whether all plumbing fixtures are actually compliant with this law.

Sellers and Buyers are advised to determine, prior to contract acceptance, which Party will be responsible for the cost of the water-conserving plumbing fixtures retrofit.

**(b) MULTI-FAMILY AND COMMERCIAL PROPERTIES: Until December 31, 2018:** As a condition of final permit approval, owners must replace all plumbing fixtures with water-conserving fixtures if (1) permits are obtained to increase the floor area by more than 10%; (2) building alterations or improvements exceed \$150,000 in costs; or (3) permits are obtained for a room with plumbing fixtures. **After January 1, 2019:** All multi-family and commercial properties must comply with this law by replacing all noncompliant plumbing fixtures. Also, starting on that date, Sellers will need to disclose to the prospective Buyers if the property has any noncompliant plumbing fixtures.

**33. POOL AND SPA SAFETY:** All home inspection reports used in the sale of a single-family residence, must indicate whether or not a Property with a pool and/or spa has any of the 7 drowning prevention safety features described in Health & Safety Code Section 115925. No one can agree to waive this requirement if there is a home inspection report. Real estate professionals are not obligated to and are not qualified to determine if the Property meets current safety requirements. Although it is important to have appropriate safety measures in place to prevent drowning of small children, this is not a retrofit requirement that must be completed as a condition of sale. However, when a single-family residence is altered or improved, the installation of 2 pool/spa safety features must be a condition of final permit approval. Sellers and Buyers are advised to determine, prior to contract acceptance, which Party will be responsible for the cost of adding any required pool/spa safety features.

**34. GARAGE DOOR SAFETY REQUIREMENTS:** Effective July 1, 2019, in addition to existing safety standards regarding automatic reversing device standards, all new automatic garage doors openers sold or installed in California must have a battery-operated back-up system to function during electrical outages.

**35. REAL PROPERTY TAXES, ASSESSMENT DISTRICTS AND VACANT LAND:** The Purchase Agreement addresses payment of real property taxes and assessments relating to the Property. As part of their negotiations for the Purchase Agreement, the parties may decide how to prorate such taxes and assessments; payments on bonds and assessments and their assumption by Buyers; and payment on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien on the Property.

Some cities have imposed or are contemplating imposing an annual tax on vacant property. Vacant land and developments are subject to imposition of different fees in different jurisdictions, usually based upon the length of time the land is left vacant. Unpaid fees can become a lien on the property. Buyers should determine the extent of any unpaid fees and other restrictions by contacting the relevant city. Real estate Brokers and Agents are not qualified to make these determinations.

**36. RENTAL PROPERTY/FAIR HOUSING:** Several homeowner associations (“HOA”) already have or are considering imposing restrictions on new owners who intend to rent out their Property which may differ from rules for existing owners in an effort to limit the percentage of non-owner-occupied units which can impact the ability to obtain financing. Although state law allows for the construction of secondary housing units, the ability to construct those units and/or to rent those units is also subject to local jurisdiction regulations and approvals. If Buyers intend to construct or use secondary units for rental purposes, they should investigate the feasibility of those improvements and uses with appropriate experts during Buyers’ inspection/ investigation contingency period, if any. See also **Paragraph 13 and 37.**

When rental properties are offered to the public, the owner and real estate agent must act in compliance with all Fair Housing laws and regulations including, but not limited to, providing unrestricted access to potential tenants with service/companion animals. Landlords are required under Fair Housing laws to provide a “reasonable accommodation” for tenants with disabilities; in the case of tenants with disabilities, this includes allowing the tenant to occupy the rented residence with the service/companion animal. The landlord may not charge a “pet deposit” or otherwise charge the tenant for the service/companion animal in any manner different from a tenant without such an animal. Any property

owner renting their property should consult with a California real estate attorney specializing in landlord/tenant and Fair Housing issues for advice on any matters related to Fair Housing and service/companion animals.

HUD has issued guidelines for housing providers, landlords and property managers in the use of criminal records in tenant selection, and when that use may be a Fair Housing violation. While it is still legal to take into consideration a criminal record of a prospective tenant in approving an application, the blanket use of criminal records to refuse to rent can be a Fair Housing violation. And the discrimination does not have to be intentional. The violation can occur if the effect of the use of criminal records results in a “disparate impact” on protected classes. Landlords are urged to consult with a qualified California landlord tenant attorney regarding the use of criminal records in tenant selection. To see the full article go to [https://portal.hud.gov/hudportal/documents/huddoc?id=HUD\\_OGCGuidAppFHASStandCR.pdf](https://portal.hud.gov/hudportal/documents/huddoc?id=HUD_OGCGuidAppFHASStandCR.pdf)

**37. GENERAL RENTAL PROPERTY INFORMATION:** Landlords must provide various disclosures and advisories to Tenants and comply with state and local Landlord-Tenant regulations. For example, commencing July 1, 2020, Landlords must disclose, in writing, if the Property is exempt from the Just Cause Eviction requirements. Other statewide Landlord notice requirements include, but are not limited to, providing Tenants with a statutory flood hazard disclosure and a bedbug notice to all Tenants. Landlords must also comply with other regulations to eradicate bedbugs. Sellers and Buyers of tenant-occupied property should consult with their own Local Landlord-Tenant Attorney to determine the legal viability of entering into an agreement that the Property shall be vacant prior to the Close of Escrow. Buyers intending to use some or all of a Property for rental purposes should investigate all rental property issues with appropriate governmental authorities, the relevant HOAs, and a Local Landlord-Tenant Attorney during Buyers’ inspection/investigation contingency period, if any. Brokers are not qualified to provide legal advice and they are not qualified to determine which Landlord-Tenant laws apply to any given Property or Tenancy.

State law prohibits Landlords from refusing to rent to Tenants who intend to operate a day care facility; a residence with up to 14 children is deemed to be a legitimate residential use. State law also prohibits Landlords from discriminating against Tenants on the basis of their source of income, such as “Section 8”, the informal name for the federal housing choice voucher program administered by HUD.

Several HOAs already have or are considering imposing restrictions on new owners who intend to rent out some or all of their Property which may differ from rules for existing owners in an effort to limit the percentage of non-owner-occupied units which can impact the ability to obtain financing.

Although state law encourages construction of secondary housing units (an accessory dwelling unit “ADU” or “in-law unit”) and prohibits HOAs from unreasonably restricting building an ADU on an owner’s separate interest, the ability to construct those units and/or to rent those units to Tenants is still subject to local jurisdiction regulations and approvals. If Buyers intend to construct or use secondary units for rental purposes, they should investigate the financial and legal feasibility of those improvements and uses with appropriate experts during Buyers’ inspection/investigation contingency period, if any. Brokers are not qualified to make those determinations.

**Buyers who intend to use some portion or all of the Property for any type of rental purposes should consult with a qualified Local Landlord-Tenant Attorney and contact the relevant City or County to ascertain all governmental requirements that may impact the ability to use the Property for rental purposes, including, but not limited to, any local rent control or eviction requirements and/or any special permits, inspections, retrofit or disclosure obligations, prior to removing any inspection contingencies.**

**38. RENTAL PROPERTY, RENT CAPS & JUST CAUSE EVICTION:** Effective January 1, 2020, with certain exemptions, California law limits the amount of rent increases that can be made by Landlords during any 12 month period of time and establishes “Just Cause” requirements for evicting Tenants who have continuously and lawfully occupied the Property for 12 months or more. This state law establishes criteria and procedures for At-Fault Just Cause Evictions, No-Fault Just Cause Evictions as well as Tenant payments for No-Fault Just Cause Evictions. Existing and future local ordinances may also apply to the frequency and amount of any rent increases as well as the ability to evict Tenants depending upon whether or not the local law is more restrictive on the Landlord than the state law. Real estate Brokers and Agents are not qualified to make these determinations.

**39. SHORT-TERM & VACATION RENTAL:** With the increased popularity of short-term and vacation rental services and websites such as Airbnb and VBRO, various local governmental entities and homeowner associations (“HOA”) have enacted, or are considering enacting, regulations on the ability of owners to rent out some portion or all of their property on either a short-term or long-term basis. Existing and proposed regulations may include a complete

prohibition against certain types of rentals, licensing, permit requirements, special health and safety inspections, taxation and/or restrictions such as a limitation on the number of nights per month, total number of renter occupants, types of uses, parking requirements and noise restriction. Renting out one's property may also be impacted by subdivision and HOA Covenants, Conditions, and Restrictions ("CC&Rs"). In some areas the HOA and/or governmental entities are classifying short-term and vacation rentals as constituting the running of a business in a residence which is often prohibited in CC&Rs and/or requires governmental approval of a home occupation permit.

Neither Sellers nor Brokers can predict if, or when, any jurisdiction or HOA will adopt regulations, limitations or prohibitions on rentals in the future. Buyers who are considering using their property for short-term or vacation rentals are strongly encouraged to investigate current and pending governmental and/or HOA rules and regulations related to rentals, insurance coverage, and the existence of taxation such as a Transient Occupancy Tax ("TOT") and to review that documentation with a qualified California real estate attorney as well as their own insurance Broker prior to the close of escrow.

**40. PUBLIC SERVICES:** Public services (schools, fire, law enforcement, emergency response, etc.) may have been impacted by financial difficulties, which can lead to changes in the level of service. In addition, each school district has its own rules regarding school assignments, and these rules may change at any time with little notice. For these reasons, Brokers cannot represent or guarantee that anyone who resides in any particular property will be able to attend any particular school or school district. If Buyers have concerns regarding the quality and/or financial viability of public services, Buyers should investigate these issues to their satisfaction prior to removing any applicable contingencies.

**41. NEW CONSTRUCTION DEFECTS AND LAWSUITS:** Question 2.C.16 of the Real Estate Transfer Disclosure Statement ("TDS") asks Sellers to disclose if there are any "lawsuits by or against the Seller threatening to or affecting this real property" along with questions related to construction defects citing references Civil Code Sections 900, 903, 910 and 914. These code sections are part of a law that is often referred to as SB800 or Title 7, which generally applies to residential real property built by a "Builder" (as defined in Section 911) and sold for the first time after January 1, 2003. Section 900 provides for a limited one-year warranty from the Builder and Builders may provide "enhanced protection agreements" which may extend the warranty period. Homeowners are required to follow all reasonable maintenance obligations and schedules communicated in writing by the Builder and product manufacturers, as well as commonly accepted maintenance practices. Failure to do so may provide a defense against a homeowner claim and Builders often require specific pre-litigation procedures and remedies in the event of a claim against the Builder. Sellers who have questions about how to answer this TDS question should consult with a California real estate attorney for advice. If the Sellers disclose any lawsuits or claims, Buyers should investigate such disclosures with a California real estate attorney. Brokers are not qualified to provide advice on these matters.

**42. PRIVATE ROADS:** If the property is accessed, or affected, by a private road that is shared with one or more other properties, Buyers need to determine the existence of a recorded private road maintenance agreement and compliance with that document. If no such agreement exists, Civil Code Section 845(s) provides that "the cost shall be shared proportionately to the use made of the easement by each owner." Buyers should contact city/county officials and/or their attorney to evaluate their potential responsibilities.

**43. SMARTMETERS™:** There has been controversy nationally regarding the health, safety and security of SmartMeters™ and other types of utility meters that record consumption of energy and communicate that information to the utility for monitoring and billing purposes. Some public agencies and governmental bodies have placed moratoriums on the installation of these meters. Buyers are advised to fully investigate and satisfy themselves regarding the health, safety and security of such meters. Brokers cannot and will not investigate or verify whether or not there are risks associated with SmartMeters™ or other similar meters.

PG&E has developed a SmartMeter™ "Opt-Out" program pursuant to the requirements of the California Public Utilities Commission. For further information regarding PG&E's "Opt-Out" program call PG&E at 866-743-0263 or visit their Web site at: [https://www.pge.com/en\\_US/residential/customerservice/other-services/opt-out/smartmeter-opt-out.page](https://www.pge.com/en_US/residential/customerservice/other-services/opt-out/smartmeter-opt-out.page).

**44. MARIJUANA (Cannabis):** Effective January 1, 2018, California has legalized certain uses of cannabis; however, this statewide law requires local cities and counties to enact regulations for the issuance of permits and licenses prior to anyone using, cultivating, distributing and/or selling cannabis. Those regulations may include but are not limited to an inspection of the property and/or a determination as to the availability of water and other resources to grow cannabis. However, there are still federal laws that may make those activities illegal and the

federal government's position on enforcement of those restrictions in states such as California that have passed contrary legislation is still possible.

If Buyers are intending to purchase any property that currently is or has been used for cultivation, distribution and/or sale of cannabis (a.k.a. a "grow house") or if Buyers are intending to purchase any property for those same purposes, Buyers should consult with a local, qualified California real estate attorney who has expertise in this area of the law. Cultivation or storage of marijuana may cause significant damage or alteration to the Property which may not be visibly apparent. Brokers are not qualified to make any determinations regarding these issues.

State law allows Landlords to prohibit/regulate smoking of marijuana in or on the Landlord's property as well as to allow Landlords to prohibit the cultivation, distribution and sale of marijuana for any purpose. Some HOAs may impose their own restrictions on these activities as well.

## D. COUNTY AND CITY ADVISORIES

**45. SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY ("SHRA"):** The SHRA has entered into agreements with several developers of housing projects in Sacramento County to provide "low income-below market value" housing units. Developers agree to designate certain houses in a recorded Inclusionary Regulatory Agreement which sets a cap on the resale value of the designated housing units and to bar the owners from renting out the designated housing units. Sellers who knowingly acquired Property subject to an Inclusionary Regulatory Agreement should disclose the restriction to Buyers and Buyers should carefully review the Preliminary Report issued by a Title Company to determine if the Property they are buying is subject to an Inclusionary Regulatory Agreement. Brokers do not have expertise to determine these title issues.

### **46. GOLD RIVER AND RANCHO CORDOVA**

**A. Proposed Interchange:** There is a proposal to construct an interchange on Highway 50, between Hazel Avenue and Sunrise Blvd. to provide access to a planned development South of Highway 50. Traffic will not be able to enter Gold River from the interchange. Some Gold River residents have expressed opposition to this project. The actual impact of this project on traffic, noise and other factors is difficult to assess. Buyers should research this issue to determine for themselves if that project would negatively impact their use and enjoyment of the Property. Broker cannot make that determination.

**B. Water Quality:** The U.S. Environmental Protection Agency had determined that ground water and surface water in the area had been contaminated by manufacturing activities of Aerojet General Corporation and its subsidiaries. The site was placed on the National Priorities List in 1983 to clean up and monitor the water quality. Buyers are strongly encouraged to carefully review all of the available information about the site, the various clean-up efforts that have been undertaken as well as the reported health studies which are accessible online at:

[http://yosemite.epa.gov/r9/sfund/r9sfdocw.nsf/3dc283e6c5d6056f88257426007417a2/a87b19cbf8bd29738825784f0005767e/\\$FILE/Aerojet2006-09.pdf](http://yosemite.epa.gov/r9/sfund/r9sfdocw.nsf/3dc283e6c5d6056f88257426007417a2/a87b19cbf8bd29738825784f0005767e/$FILE/Aerojet2006-09.pdf)

Broker has not researched or verified any of the information contained in the governmental records and makes no representations or warranties regarding the water quality in Gold River or Rancho Cordova. Buyers need to research this issue to satisfy themselves as to whether the water quality will negatively impact their use and enjoyment of the Property. Broker cannot make that determination.

**47. CAMPUS COMMONS VILLAGE:** Campus Commons Villages 2, 3, 4, and 10 have amended their Covenants, Conditions and Restrictions (CC&Rs) so as to create a limitation on the ability of owners to rent or lease their units. The Amendment to the CC&Rs states, in part:

"No Residence may be rented or leased unless one or more of the Owners of Record of the Lot have resided in the Residence as their primary residence for a period of at least one continuous year. For the purposes of this section, the Owner of Record of property held in a revocable living trust created by the Owner of Record for the purpose of the Owner of Record's estate planning shall be the trust's trustor(s), trustee(s) and/or beneficiaries."



Any questions regarding the Amendment to the CC&Rs or anything else about this HOA should be directed to the HOA Manager. Sellers and Buyers of units in Campus Commons Villages 2, 3, 4 and 10 should carefully review all of the documentation provided by the HOA to determine, for themselves, their rights, duties and obligations.

**48. COUNTRY CLUB VILLAGE, LAGUNA SUBDIVISION, PRESLEY HOMES:** In 2001, the Developer of the Country Club Village at Laguna Subdivision, Presley Homes and others were sued by fifteen (15) homeowners. The homeowners claimed that homes in the subdivision had a number of construction defects including, but not limited to, problems with the drainage/grading systems, foundation systems, plumbing materials and other components. Since that lawsuit was filed, other homeowners in that subdivision have complained of construction defects, and at least one other lawsuit was filed in 2004 naming the Presley Companies and others in connection with alleged construction defects in a home in that Subdivision. Buyers are encouraged to investigate the nature of these lawsuits prior to the close of escrow, preferably during their inspection/investigation contingency period, so as to satisfy themselves about the significance of the allegations and the future impact, if any, of these lawsuits on the use, value and/or condition of the Property that they are considering buying in that Subdivision. Buyers may wish to review the Superior Court files and/or contact the law firm that filed two of the lawsuits, Salinger Law Firm at (916) 686-5788.

**49. MADISON WOODS CONDOMINIUMS:** The Madison Woods Condominium Owners Association (“HOA”) retained the law offices of Berding & Weil in connection with alleged construction deficiencies at the development. Berding & Weil generated a 3-page “Notice of Commencement of Legal Proceedings”, a copy of which was attached to a July 23, 2008 letter from Attorney Allison L. Andersen. Buyers are strongly encouraged to contact Attorney Allison L. Andersen at [andersen@berding-weil.com](mailto:andersen@berding-weil.com) to secure a full and complete copy of the legal proceedings as well as documentation regarding the construction issues.

Buyers are encouraged to investigate the nature of this lawsuit prior to the close of escrow so as to satisfy themselves about the significance and future impact of that lawsuit on the use, value and condition of the Subject Property that they are acquiring and/or the homeowners’ association. Pending lawsuits can impact the amount of future fees and assessments. Thus, it is imperative that Buyers thoroughly investigate this issue during Buyers’ inspection/investigation contingency period.

**50. SACRAMENTO COUNTY EMERGENCY ALARM ORDINANCE:** In 2007, the Sacramento County Board of Supervisors approved revisions to the Emergency Alarm Ordinance affecting the unincorporated areas of Sacramento County. Effective October 4, 2007, homeowners and business owners are required to obtain a permit if they have an alarm system and that permit must be renewed bi-annually. Existing alarm permits must have been renewed by December 1, 2007. The County Sheriff’s Department also implemented an alarm response policy which went into effect on November 1, 2007. This change only affected the Department’s response to burglary alarms in that there is no change to their response to robbery and panic alarms. After four (4) or more false alarms within any 12-month period, the Sheriff’s Department will place the alarm location on a Verified Response status which will require the alarm company to verify that there is an unusual occurrence at the location of the alarm prior to a deputy being dispatched. If there are any questions regarding this change, contact the alarm provider and/or go to the Sacramento County’s website at [www.sacsheriff.com](http://www.sacsheriff.com), and then select the Services menu and choose Alarm Bureau..

## E. ATTORNEY AND ACCOUNTANT RECOMMENDATIONS

A situation may arise during the course of any purchase or sale of real property that requires either an important decision, or that a plan of action be selected that could result in significant legal consequences and/or substantial impact on personal finances. The most prudent and best plan is to identify a certified public accountant and local real estate attorney in advance of the purchase or sale of a Property so that quick and proper financial and/or legal advice and guidance can be obtained, if needed, during the transaction. If a 1031 exchange is being considered, an exchange accommodator should also be identified in order to discuss the proper method and timing of the exchange.

## F. THE PARTIES ACKNOWLEDGE THE FOLLOWING REGARDING BROKER:

- Broker does not warrant or guarantee the condition of the Property.
- Broker shall not be responsible for failure to disclose to Buyer facts regarding the condition of the Property where the condition (i) is unknown to Broker or (ii) is not capable of being seen by Broker because it is in an area of the property that is reasonably and normally inaccessible to a Broker;

- **Broker has not verified square footage, size of structures, acreage or boundary lines of the Property; representations made by others; information received from public records, Seller or other third parties; information contained in inspection reports or in the Multiple Listing Service, or that has been copied therefrom; or statements in advertisements, flyers or other promotional material; or any other matters described in this Disclosures and Disclaimers Advisory; unless otherwise agreed in writing;**
- Broker does not guarantee, and shall not be responsible for, the labor or services or products provided by others to or on behalf of Buyers or Seller and does not guarantee, and shall not be responsible for, the quality, adequacy, completeness or code compliance of repairs made by Seller or by others;
- Broker does not decide what price Buyers should pay or Seller should accept;
- Broker is not qualified to give legal, tax, insurance or title advice; and
- Brokers lack professional expertise in the areas listed in this Advisory and do not verify the results of any inspections or guarantee the performance or reports of any inspection or other professional services.
- **Buyers and Sellers are advised to investigate and choose their own service providers to conduct investigations and advise them on these and all matters related to the sale and purchase of real property. In these and all other matters referred to in this Advisory, Buyers and Sellers are advised to seek any desired assistance from appropriately licensed, qualified professionals. Nothing any real estate licensee may say will change the terms or effect of this Advisory.**

### WIRE FRAUD SCAM ALERT

Recently there is a small but growing scheme in which Buyers and Sellers have received e-mails from their agent or an escrow company providing wire transfer information for money from Buyers to Escrow, or to Seller for proceeds from Escrow. Hackers intercept these e-mails and then alter the wire transfer instructions to re-direct the funds to the hacker's account with an off-shore bank. **DO NOT EVER WIRE FUNDS PRIOR TO CALLING THE ESCROW OFFICER AT THE NUMBER PREVIOUSLY PROVIDED TO YOU and confirming verbal wire transfer instructions before taking steps to have the funds transferred.** If you have received questionable wiring instructions, notify your bank, real estate agent and the Escrow Holder, as well as the FBI at: <https://www.fbi.gov/> and the Internet Crime Complaint Center at: <http://www.ic3.gov/>

### THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF ALL 16 PAGES OF THIS SACRAMENTO COUNTY DISCLOSURES AND DISCLAIMERS ADVISORY WHICH CAN BE SIGNED IN COUNTERPART

Dated: \_\_\_\_\_ Buyer \_\_\_\_\_

Dated: \_\_\_\_\_ Buyer \_\_\_\_\_

Dated: \_\_\_\_\_ Seller \_\_\_\_\_

Dated: \_\_\_\_\_ Seller \_\_\_\_\_